



Identify Theft Panel Discussion

Treasury

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Identity Theft is a Crime

- Identity theft is a fraud committed, or attempted using the identifying information of another person without authority.
- The levels of sophistication vary.
 - Thieves may use technology, including phishing, trojans, and hacking
 - Less sophisticated but still effective methods include dumpster diving, skimming, and stealing mail



Identity Theft is a Costly Crime

- An estimated 10 million victims in this country in a year
- \$5 billion out of pocket and almost 300 million hours trying to restore their good names
- Victims may be denied credit, mortgages, jobs, and housing, and may even be wrongly arrested
- Identity theft can undermine trust and confidence, which in turn impacts our economy



Beyond Our Borders

- In a world connected by the Internet, Identity Theft has no borders.
- There is an organized, liquid marketplace that identity thieves use to buy account numbers, personal information, crimeware, and botnets to launch phishing scams
- Law enforcement is making progress, but there is much to be done. Challenges include developing international cooperation
- Recent incidents have raised awareness
- It is important to remember that vast majority of financial transactions that occur each day are safe

The Regulatory Framework for

Protecting Information – a quick review

- Federal & State Criminal statutes may apply to data collection, use, disclosure, notification to consumers.
- Federal requirements under Gramm-Leach-Bliley Act (GLBA) for Safeguarding Security of data. Includes programs for disposal of customer information and notification to law enforcement and customers in case of a breach.
- GLBA also permits consumers to restrict the use and disclosure of nonpublic personal information, and requires notification of privacy policies.
- Fair Credit Reporting Act (FCRA) may apply to disposal of information, if personal information comes from credit reports. FCRA limits the use of information from credit bureaus.



Combating Identity Theft

There is no “silver bullet” or one size fits all solution

- Consumers
 - Check your credit reports (as provided by the FACT Act)
 - Review your bank statements and credit card bills
- Consumers and Businesses
 - Utilize firewalls and anti-virus, anti-spam software
 - Make sure your computer systems have the latest patches
- Businesses
 - Implement policies and procedures that assure your compliance with the regulatory and legal frameworks
 - Know the responsibilities and standards of care in your third-party business relationships.

Treasury's Role

- Policy Leadership
 - Consultative role within the Administration and with the Congress on Identity Theft and Infrastructure Protection
 - Advisory role in developing initiatives like those in the Fair and Accurate Credit Transactions Action of 2003 (FACT Act)
- Education and Outreach
 - Produced Studies including “The Use of Technology to Combat Identity Theft”; “The Security of Personal Financial Information”;
 - and, in partnership with the FBIIC and FSSCC, “Lessons Learned by Consumers, Financial Sector Firms, and Government Agencies During the Recent Rise of Phishing Attacks”
- Liaison
 - Financial Services Sector
 - Technology and Security Companies
 - Consumers



Social Security Administration Issues SSNs

- SSNs Are Issued With Due Diligence
 - Enumeration at Birth
 - Enumeration at Entry
 - New applicants by U.S. citizens over 12 must have face to face interview; two employees must authorize new cards
 - Non-citizen applicants must have INS documentation for new or replacement cards



Additional Precautions

- If questionable or fraudulent documents detected, electronic alert placed on file to prevent “shopping around”
- All new applications screened against Disallowed Application File
- No longer assigns non-work SSNs solely for drivers license purposes
- No SSNs on Treasury checks or Social Security Statements



Social Security Administration Protects Personal Data

- Information Security Policies and Practices protect personal information throughout the processing environment and lifecycle
 - Individual id and authentication
 - Extra authentication for web-based
 - Strong access controls
 - All processing platforms included
 - Desktop
 - Midrange
 - Mainframe



SSA Assists Businesses

- Business Services Online (BSO)
 - BSO is a suite of business services for companies to conduct business with SSA.
- Social Security Number Verification Services (SSNVS)
 - Verify numbers for new hires or ensure numbers are correct for IRS
 - Immediate online verification for up to 10 Social Security Numbers
 - Next day service on electronic file submissions for up to 250,000

www.socialsecurity.gov/bso/bsowelcome.htm



Intelligence Reform Legislation


Public Law 108-458

- National Standards for Birth Certificates
- Limit on Replacement SSN cards
- Verification of Birth Certificates with Vital Records Agencies
- New SSN card



Identity Theft Related to Tax Administration

- According to FTC Data
 - Lowest Number of Overall Identity Theft Crimes
 - Longest Time Period to Resolve



Three Types of Identity Theft Crimes in Tax Administration

- Refund Crimes
- Employment
- Preparer Schemes



What IRS is Doing

- Building an Enterprise Strategy
 - Outreach
 - Victim Assistance
 - Prevention
- Process Improvements
 - Scramble SSN
 - Automated Underreporter




Process Improvement – “Scramble SSN”

- Identity Thief Files Tax Return With Both Stolen Taxpayer Name and Corresponding SSN
 - Joint IRS/SSA Process Reengineering Team
 - Reduce Time Span to Resolve Cases
- Improved Communication to Provide Victims with Information to Resolve Case



Process Improvement – Automated Underreporter

- Identity Theft for Employment creates victims when W-2 wages are earned using the real taxpayer's name and SSN
 - Provide Additional Information to Victims
 - Standardized the Documents Needed to Validate Identity and Fact of Theft



Document Standards – Automated Underreporter

- Identity
 - Passport, Drivers License
- Address
 - Statement from IRS, Utility or Mortgage Statement
- Fact of Theft
 - Police Report
 - FTC Affidavit



Communication and Outreach

- Communication
 - Web site on irs.gov
 - Updated Letters and Publications
 - Updated Manual Sections
- Outreach
 - Tax Forums
 - Scam Jams
 - Multi Agency Working Group



Prevention

- Refund Crimes Unit
 - Data Intensive Processes to Identity Refund Schemes
 - Questionable Refunds
 - Questionable Return Preparer
 - Lead Development Centers and Fraud Detection Centers
- Employer Initiatives
 - Improve the Accuracy of Information on W-2's
- Protecting Your Data
 - Enhancing and Validating System Security
 - Federal Information Security Act , 2002



Fraud Alerts on irs.gov

- **Treasury, IRS Warn of Identity Theft Scheme Involving Bogus E-mail, Web site**
IR-2004-60, April 30, 2004
<http://www.irs.gov/newsroom/article/0,,id=122997,00.html>
- **IRS Warns of Scheme to Steal Identity and Financial Data**
IR-2004-75, June 1, 2004
<http://www.irs.gov/newsroom/article/0,,id=123621,00.html>
- **IRS Reissues Consumer Warning on Identity Theft Scheme;
Scheme Now Targeting Caribbean**
IR-2004-104, August 3, 2004
<http://www.irs.gov/newsroom/article/0,,id=127914,00.html>



Impact on e-File

- Forrester Research and Financial Insights reports express concern on identity theft and its negative impact on e-commerce.
- Conference Board study indicates there may not be much of a link between e-commerce and e-filing
- Conference board's survey and the e-file rate for the 2005 filing season suggest that taxpayer concern about identity theft is not high enough to cause them to abandon e-filing



If Identity Theft Strikes

- Verify If Anyone is Using Your Social Security Number for Work
- Request Record of Earnings Through the Internet

<http://www.socialsecurity.gov/mystatement/>

- Request Record of Earnings by Telephone
1-800-772-1213



More Tips

- Check credit reports at least annually
 - Free Credit Reports annually
www.annualcreditreport.com
- Check bills and financial statements routinely for unauthorized activity
- Protect personal computers with a firewall, use anti-spyware and anti-virus software, and update software regularly
- Contact the financial institution or company and take appropriate action
- File a police report with local law enforcement
- Contact the Federal Trade Commission
 - www.consumer.gov/idtheft/index.html



Nationwide Credit Bureaus

- Equifax
 - www.equifax.com
- Experian
 - www.experian.com
- Trans Union
 - www.transunion.com



SSA Identity Theft Publications

Identity Theft And Your Social Security Number

What if I think someone is using my number and creating credit problems for me?

<http://www.ssa.gov/pubs/10064.html>

Identity Theft

When a criminal uses another person's personal information.

<http://www.ssa.gov/pubs/idtheft.htm>



Taxpayer Advocate Assistance

- 1-877-777-4778
- Contact your local TAS office